

## Message Text

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PAGE 01 GENEVA 03484 01 OF 03 061805Z

ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00  
INR-10 LAB-04 NSAE-00 OIC-02 SIL-01 STR-07  
TRSE-00 CEA-01 SS-15 AF-10 ARA-10 EA-10 EUR-12  
NEA-10 GSA-02 INT-05 DOE-11 SOE-02 NSC-05 /160 W  
-----126973 061858Z /45

R 061637Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 6827

INFO AMEMBASSY BONN

C O N F I D E N T I A L SECTION 01 OF 03 GENEVA 03484

BRAD MILLER PASS WENDT

E.O. 11652: GDS

TAGS: ETRD UNCTAD

SUBJECT: APRIL 4 TDB MINISTERIAL DECISION ON TUNGSTEN

REFERENCE: GENEVA 2924 AND 3078

1. SINCE THE COMMITTEE ON TUNGSTEN HAS FORWARDED THREE SEPARATE RECOMMENDATIONS REGARDING THE CONVENING OF A NEGOTIATING CONFERENCE ON TUNGSTEN TO THE TRADE AND DEVELOPMENT BOARD, THE US MUST TAKE A POSITION SOON FOR THAT MEETING IF ANY ATTEMPTS AT COMPROMISE ARE TO BE MADE BEFOREHAND. FOLLOWING ARE VIEWS OF THE MISSION BASED BOTH ON OUR INTERPRETATION OF THE TDB PROCEDURES AND THE REACTIONS OF VARIOUS GOVERNMENTS AT THE END OF THE RECENT COMMITTEE ON TUNGSTEN MEETING.

2. PROCEDURALLY THERE APPEARS TO BE VERY LITTLE THAT CAN BE DONE TO PREVENT A VOTE IN THE TDB SHOULD THE PRODUCERS, OR FOR THAT MATTER THE CONSUMERS, CHOOSE TO FORCE A VOTE ON  
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PAGE 02 GENEVA 03484 01 OF 03 061805Z

THEIR RESPECTIVE PROPOSALS. THE ONLY WAY A VOTE CAN BE PREVENTED PROCEDURALLY IS TO INVOKE THE CONCILIATION PROCEDURE. AS FAR AS WE HAVE BEEN ABLE TO ESTABLISH, THE LAST TIME THIS WAS INVOKED WAS BY THE US IN THE COMMITTEE ON SHIPPING IN 1970. THE SPECIFIC SUBJECTS UNDER WHICH THE CONCILIATION PROCEDURE IS APPLICABLE ARE SPELLED OUT IN ARTICLE 48-2E OF THE RULES OF PROCEDURE OF THE TDB. THE

CATEGORIES OF SUBJECTS WHICH DO AND DO NOT QUALIFY ARE BOTH LISTED AND THE PRELIMINARY VIEW OF THE UNCTAD LEGAL ADVISOR (GIVEN TO US PRIVATELY) IS THAT THE QUESTION OF CONVENING A NEGOTIATING CONFERENCE WOULD FALL IN THE CATEGORY OF THOSE ISSUES NOT REQUIRING CONCILIATION, I.E. "ANY PROPOSAL FOR STUDY OR INVESTIGATION, INCLUDING SUCH PROPOSALS RELATED TO THE PREPARATION OF LEGAL INSTRUMENTS IN THE FIELD OF TRADE". THE US, IN 1970, WAS NOT SUCCESSFUL IN INVOKING THIS PROCEDURE AND IT HAS NEVER BEEN ATTEMPTED SINCE IN UNCTAD. IT APPEARS DOUBTFUL THEREFORE THAT A VOTE COULD BE STOPPED IN THE EVENT ANY PARTY IS DETERMINED TO PUSH THE ISSUE TO A VOTE. THE ONLY OTHER POSSIBILITY IS PRE-EMPTING A VOTE ON THE PRODUCER PROPOSAL BY REQUESTING A VOTE ON RE-COMMITTING THE ISSUE TO THE COMMITTEE ON TUNGSTEN OR FOR THE PRESIDENT HIMSELF TO INTERVENE AND ATTEMPT TO HOLD DISCUSSIONS AMONG THE INTERESTED PARTIES BEFORE THE ISSUE CAME TO THE FLOOR.

3. SOME DELEGATIONS ARE VERY CONCERNED OVER THE PRECEDENT THAT WOULD BE ESTABLISHED IF AN ISSUE OF THIS TYPE, ESPECIALLY ONE CALLING FOR A NEGOTIATION, WERE BROUGHT TO A VOTE. THE SECRETARIAL LEGAL ADVISOR AGREED TO CHECK THE RECORDS FOR THE TYPES OF ISSUES THAT HAVE BEEN VOTED UPON IN THE TDB WHERE THERE WAS NOT ALREADY AN EXPECTATION THAT THAT VOTE WOULD BE UNANIMOUS, I.E. ISSUES ON WHICH MAJOR PARTIES HAD INDICATED THEIR INTENTION TO VOTE AGAINST A PROPOSAL. A SECOND ISSUE OF MORE CONCERN TO THE MISSION IS CONFIDENTIAL

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PAGE 03 GENEVA 03484 01 OF 03 061805Z

THE PRECEDENT THAT WOULD BE ESTABLISHED IF ONE OR TWO COUNTRIES, IN THIS CASE BOLIVIA AND NOW AUSTRALIA, SUCCEED IN FORCING A DECISION INTO THE TDB PRIOR TO HAVING DEVELOPED A CONSENSUS AMONG PRODUCERS AND CONSUMERS ON THE EXPECTATION THAT THE DISINTERESTED MEMBERS OF THE G-77 WILL VOTE FOR THEIR PROPOSAL.

4. DESPITE THE DIFFICULTIES IN STOPPING A VOTE WHICH IS LIKELY TO GO IN THE PRODUCERS' FAVOR, IT IS THE JUDGEMENT OF SOME STAFF MEMBERS OF THE SECRETARIAT THAT IF THE MAJOR CONSUMING COUNTRIES VOTE AGAINST HOLDING A NEGOTIATION AND SUBSEQUENTLY ANNOUNCE THEIR INTENTION NOT TO PARTICIPATE IN THE NEGOTIATIONS, THE SECRETARY GENERAL WOULD BE UNLIKELY TO CONVENE SUCH A CONFERENCE KNOWING IN ADVANCE IT COULD NOT SUCCEED.

5. THE MISSION'S VIEW IS THAT, GIVEN THE VERY SUBSTANTIVE DISAGREEMENT THE US HAS EXPRESSED WITH RESPECT TO THE NEGOTIATION OF A STABILIZATION AGREEMENT AT THIS TIME, THE US SHOULD BE PREPARED TO ALLOW THE ISSUE TO GO TO A VOTE, TO VOTE NO, AND TO ANNOUNCE ITS INTENTION NOT TO PARTICIPATE IN NEGOTIATIONS IRRESPECTIVE OF THE PRECEDENCE SUCH A

VOTING PROCEDURE MIGHT SET AS OUTLINED ABOVE. THE TWO MAJOR PRODUCERS, AUSTRALIA AND BOLIVIA, CLEARLY EMBARKED ON A COURSE OF BRINKMANSHIP IN TRYING TO FORCE COMPROMISE BY THREATENING A VOTE ON THE TDB. AN INITIATIVE BY THE US FOR COMPROMISE WOULD SERIOUSLY WEAKEN ITS BARGAINING POSITION NOT ALONE CAST DOUBT ON THE CREDIBILITY OF ITS POSITION.

6. THE PRIMARY DIFFICULTY WE FORESEE IN THIS HARD-LINE POSITION IS IN MAINTAINING THE SUPPORT OF THE OTHER FOUR COUNTRIES WHICH HAVE JOINED THE US IN PROPOSING THE PRODUCER/CONSUMER FORUM. SWEDEN, IN PARTICULAR, HAS BEEN LOOKING FOR A WAY OUT OF BEING PUT TO THE TEST ON A VOTE AND IS EXPECTED TO PARTICIPATE IN A NEGOTIATION IF ONE IS

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PAGE 01 GENEVA 03484 02 OF 03 061809Z  
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
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NEA-10 GSA-02 INT-05 DOE-11 SOE-02 NSC-05 /160 W  
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FM USMISSION GENEVA  
TO SECSTATE WASHDC 6828  
INFO AMEMBASSY BONN

C O N F I D E N T I A L SECTION 02 OF 03 GENEVA 03484

BRAD MILLER PASS WENDT

CALLED. THE UK RESOLVE TO STAY WITH THE US THROUGH A VOTE AND ANNOUNCEMENT NOT TO NEGOTIATE ALSO APPEARS VERY UNCERTAIN. THE JAPANESE AND GERMANS HAVE BOTH INDICATED THEY ARE LIKELY TO STICK WITH US IF THE OTHER ONE DOES. (THE GERMANS ARE STILL SMARTING OVER THEIR ISOLATION ON THE COPPER MEETING AND ARE NOT EAGER TO BE THE ONLY CONSUMER SIDING WITH THE US). THEREFORE, A US DECISION TO VOTE NO AND TO ANNOUNCE ITS UNWILLINGNESS TO PARTICIPATE IN A NEGOTIATION WOULD HAVE TO BE CLOSELY COORDINATED AT LEAST IN BONN, LONDON AND TOKYO. ON THE PRODUCER SIDE, HOWEVER, WE CAN EXPECT SUPPORT FROM CANADA WHICH WILL REFUSE TO PARTICIPATE IN A NEGOTIATION AS SUGGESTED BY OTHER PRODUC-

ERS IF NO COMPROMISE CAN BE WORKED OUT.

7. AS INDICATED ABOVE, MOST OF THE PARTIES ARE EAGER TO SEEK A WAY OUT OF THIS DIFFICULTY. HOWEVER, THERE ARE THREE PARTICULAR ISSUES ASSOCIATED WITH THE SEARCH FOR A POSSIBLE COMPROMISE WHICH MUST BE BORNE IN MIND. FIRST, IT IS OUR VIEW THAT THE OTHER FOUR CONSUMERS INCLUDING SWEDEN  
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PAGE 02 GENEVA 03484 02 OF 03 061809Z

WILL NOT MOVE TOWARD A COMPROMISE UNTIL THEY SEE DEFINITE SIGNS OF WILLINGNESS ON THE PART OF PRODUCERS. SECOND, EVEN THOUGH AUSTRALIA MAY BE PRESSED TO SEEK A COMPROMISE, AS DISCUSSED FURTHER BELOW, IT IS NOT YET CLEAR THAT THEY COULD BRING CHINA AND BOLIVIA ALONG. THIRD, IT IS ABSOLUTELY NECESSARY THAT THE FIRST STEPS BE TAKEN BY AUSTRALIA SINCE IT WAS AUSTRALIA THAT TOOK THE UNCOMPROMISING LINE AT THIS MEETING AND IT WOULD BE AUSTRALIA'S RESPONSIBILITY TO TRY TO BRING THE OTHER PRODUCERS ALONG.

8. IN THIS REGARD, THE LOCAL AUSTRALIAN REP IN PRIVATE CONVERSATIONS HAS INDICATED HE THINKS CANBERRA WILL IN FACT BEGIN TO CONSIDER SOME COMPROMISE FORMULA AND WILL EXPLORE THIS WITH THE USG THROUGH THEIR EMBASSY IN WASHINGTON. WE SHOULD CONSIDER, HOWEVER, THAT THIS IS BASED ENTIRELY UPON DISCUSSIONS IN GENEVA BETWEEN THE LOCAL REP AND PETER FIELD, THE HEAD OF THE AUSTRALIAN DELEGATION TO THE LAST MEETING. WHILE FIELD'S PERFORMANCE DURING THE MEETING WAS OPENLY HOSTILE, APPARENTLY BY THE END OF THE WEEK HE WAS BEGINNING TO RECONSIDER WHAT AUSTRALIA COULD GAIN BY A VOTE IN THE TDB. NEVERTHELESS THERE IS NO INDICATION YET THAT THE SUBJECT HAS BEEN DISCUSSED IN CANBERRA AND THE LOCAL REP AT PRESENT CANNOT JUDGE CANBERRA'S LIKELY REACTION TO A COMPROMISE SOLUTION.

9. IF THE AUSTRALIANS SEEK A COMPROMISE PRIOR TO A TDB VOTE, THE SOLUTION IS LIKELY TO BE ALONG THE LINES SUGGESTED BY CANADA, PUTTING PRESSURE ON THE US IN PARTICULAR TO AGREE TO A PRODUCER/CONSUMER FORUM ESTABLISHED THROUGH A TREATY AND ABLE TO DISCUSS POSSIBLE ACTION AND IMPLEMENT ECONOMIC PROVISIONS IF NECESSARY. THIS APPROACH IS BEING PUSHED BECAUSE OF ITS IMPLICATIONS FOR OTHER MINERALS AS WELL SUCH AS COPPER, LEAD AND ZINC. THE  
CONFIDENTIAL

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PAGE 03 GENEVA 03484 02 OF 03 061809Z

AUSTRALIANS CLAIM THEY ARE ALREADY COMING UNDER PRESSURE FROM THE LEAD AND ZINC INDUSTRIES TO PROVIDE SUCH POWERS

TO THE LEAD AND ZINC STUDY GROUP. OTHER PRODUCERS AND A LARGE NUMBER OF CONSUMERS ARE THUS LIKELY TO SUPPORT SUCH A COMPROMISE. ONE FURTHER POSSIBILITY, ABOUT WHICH WE HAVE LITTLE INFORMATION, IS THAT AUSTRALIA, EITHER ON ITS OWN OR AS A RESULT OF ATTEMPTING TO BRING THE OTHER PRODUCERS ALONG, MAY PUSH FOR A COMMITMENT TO NEGOTIATE A STABILIZATION AGREEMENT AT A FUTURE DATE. OUR READING AT THE MOMENT IS THAT AUSTRALIA WOULD NOT BE SO INCLINED BUT OTHER PRODUCERS AND A FEW CONSUMERS MIGHT BE. AT LEAST THEY COULD START FROM THIS POSITION AS A NEGOTIATING TACTIC.

10. IF THERE IS A PRODUCER-INITIATED MOVEMENT TOWARD COMPROMISE, THE US IS FACED WITH THE NEED TO DETERMINE HOW FAR IT IS PREPARED TO GO IN ACCEPTING A COMPROMISE PROPOSAL ALONG THE LINES SUGGESTED BY CANADA. THIS INVOLVES TWO IMPORTANT CONSIDERATIONS. FIRSTLY, DOES THE US CONSIDER A BODY SUCH AS A PRODUCER/CONSUMER FORUM APPROPRIATE FOR ESTABLISHMENT UNDER A TREATY SIMILAR TO PRICE STABILIZATION AGREEMENTS? WOULD THIS APPLY AS WELL EVEN IN THOSE CIRCUMSTANCES WHERE THE IMPLEMENTATION OF ECONOMIC PROVISIONS SUCH AS EXPORT QUOTAS IS NOT ENVISAGED? THE MISSION HAS VERY LITTLE IT CAN CONTRIBUTE ON THIS POINT SINCE WE ARE UNFAMILIAR WITH THE LEGAL IMPLICATIONS FOR THE US OF PARTICIPATING IN DISCUSSIONS WHICH COULD LEAD TO RECOMMENDED VOLUNTARY ACTION FOR GOVERNMENTS OR HOW CONFIDENTIAL INFORMATION ON PRODUCTION, PRICES, ETC., CAN BE PROVIDED TO SUCH A BODY. SECONDLY, THERE IS THE QUESTION OF WHETHER THE US WOULD WISH TO ENTER INTO SUCH A LEGALLY FORMULATED BODY EVEN IF THIS WERE POSSIBLE. SUCH AGREEMENT COULD SIGNAL A WILLINGNESS TO TAKE CERTAIN ECONOMIC ACTIONS IN THE FUTURE EVEN THOUGH THEY ARE CONSIDERED INAPPROPRIATE AT PRESENT. OUR VIEW ON THIS LATTER ISSUE IS THAT IT SHOULD NOT STAND IN THE WAY OF POSSIBLE COMPROMISE. WHILE IT IS TRUE THAT PROPOSALS FOR ACTION WITHIN SUCH A BODY COULD

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PAGE 04 GENEVA 03484 02 OF 03 061809Z

CREATE AN ATMOSPHERE OF CONFRONTATION NOT DISSIMILAR FROM THAT FACED AT PRESENT, IT IS ALSO TRUE THAT THE AGREEMENTS

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PAGE 01 GENEVA 03484 03 OF 03 061811Z

ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00  
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INFO AMEMBASSY BONN

C O N F I D E N T I A L SECTION 03 OF 03 GENEVA 03484

BRAD MILLER PASS WENDT

CAN BE STRUCTURED IN SUCH A WAY THAT ACTION REQUIRES THE  
VOTES OF ALL MAJOR PARTIES. THE US WOULD THEREFORE NOT BE  
COMPELLED TO TAKE ACTIONS WITH WHICH IT DISAGREED SIMPLY  
BECAUSE THE BODY HAD A DIFFERENT LEGAL BASIS. REFUSING TO  
CONTEMPLATE SUCH A LEGALLY-CONSTITUTED BODY AT THIS TIME  
SOLELY ON THE BASIS OF CURRENT DISAGREEMENT OVER POSSIBLE  
ECONOMIC MEASURES WOULD APPEAR TO US TO PUT THE US IN A  
VERY WEAK BARGAINING POSITION. SORENSON

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## Message Attributes

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**To:** STATE  
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